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Message Text

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67
ACTION ARA-10

INFO OCT-01 ISO-00 SSO-00 NSCE-00 INRE-00 USIE-00 ERDA-05

AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00 EB-07

FPC-01 H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01

PM-04 SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00 FEA-01

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O 192224Z JAN 76
FM AMEMBASSY CARACAS
TO SECSTATE WASHDC IMMEDIATE 1610

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E.O. 11652: N/A
TAGS: ENRG, VE
SUBJECT: PETROLEUM NATIONALIZATION - CONTROVERSY OVER USG
VIEWS OF COMPENSATION

1. GONZALO BARRIOS, PRESIDENT OF THE CONGRESS AND ACCION DEMOCRATICA,

WAS QUOTED IN EL NACIONAL OF JANUARY 18 AS HAVING TOLD A GROUP OF VENEZUELAN REPORTERS IN PARIS THAT THE USG HAD MADE KNOWN TO PRESIDENT PEREZ ITS DISSATISFACTION WITH THE COMPENSATION OFFERED TO THE NATIONALIZED OIL COMPANIES. ACCORDING TO BARRIOS, THE USG FOUND THE LEVEL OF COMPENSATION TO BE SO LOW AS TO REPRESENT "SPOLIATION" OF THE COMPANIES' PROPERTY RIGHTS. HE SAID PRESIDENT PEREZ HAD HELD FIRM, REJECTING THIS ARGUMENT BY NOTING THAT THE COMPANIES HAD ACCEPTED AND SIGNED THE COMPENSATION AGREEMENTS. BARRIOS ASSERTED THAT THE USG IN TURN THEN ALLEGED THAT THE COMPANIES HAD SIGNED UNDER PRESSURE.

2. THE POINT BARRIOS OBVIOUSLY WAS MAKING WAS THAT THE POLITICAL OPPOSITION AND THE VENEZUELAN PUBLIC DID NOT APPRECIATE THE REAL DIFFICULTIES FACED BY PRESIDENT PEREZ IN PUSHING THROUGH
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NATIONALIZATION AGAINST THE OPPOSITION OF THE USG AND THE COMPANIES.

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GODOFREDO GONZALEZ, ACTING PRESIDENT OF COPEI, REACTED PREDICTABLY IN AN INTERVIEW CARRIED JANUARY 18 BY EL UNIVERSAL. HE CHARGED THAT BARRIOS WAS TRYING TO CREATE A "HEROIC IMAGE" FOR THE PRESIDENT AND ACCION DEMOCRATICA AS FACING DOWN "IMPERIALISM." GONZALEZ SAID THAT IN FACT NATIONALIZATION HAD BEEN GREETED WITH SATISFACTION IN THE UNITED STATES--THAT "IN WASHINGTON, FOR EXAMPLE, THEY WERE DELIGHTED." ACCORDING TO GONZALEZ, THAT REACTION IS INSPIRED BY THE ASSUMPTION THAT THE PEREZ ADMINISTRATION PLANS TO ESTABLISH JOINT VENTURES WITH FOREIGN COMPANIES FOR THE EXPLOITATION OF THE ORINOCO PETROLIFEROUS BELT.

3. COMMENT: THIS EXCHANGE IS A NEAT EXAMPLE OF HOW THE DYNAMICS OF INTERNAL VENEZUELAN POLITICS CONSTANTLY WORK TO PUT US IN THE MIDDLE ON ANY ISSUE TOUCHING THE RAW NERVE OF PETROLEUM. WE OBVIOUSLY HAVE NOTHING TO GAIN BY COMMENTING EITHER WAY ON THE CONTROVERSY. THE EMBASSY PLANS TO SAY NOTHING. IF THE DEPARTMENT IS QUERIED WE SUGGEST REFERRING TO THE STATEMENT OF GENERAL POLICY ISSUED DECEMBER 30 WITH THE EXPLANATION THAT NO FINDING HAS BEEN MADE IN THIS PARTICULAR CASE WITHIN THE CONTEXT OF THAT POLICY.
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